

Message Text

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C O N F I D E N T I A L STATE 020017

EXDIS

E.O. 11652: GDS

TAGS: TECH, SK

SUBJECT: KOREA NUCLEAR FUEL DEVELOPMENT CORP. (KNFDC)
STATUS AND PERSONNEL EXCHANGE PROPOSAL

REF: SEOUL 10192

1. DEPARTMENT IS CONSIDERING SUGGESTION IN REFTTEL CONCERNING THE POSSIBLE ASSIGNMENT OF A U.S. FUEL FABRICATION EXPERT TO KOREA NUCLEAR FUEL DEVELOPMENT CORPORATION (KNFDC) FACILITIES. IN GIVING FULL CONSIDERATION TO THIS SUGGESTION, FOLLOWING QUESTIONS AND RELATED CONCERNS MUST BE ADDRESSED.

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2. ALTHOUGH THE KNFDC FACILITIES ARE BEING BUILT AT TAEDOK RESEARCH COMPLEX AND IT IS A SPIN-OFF OF KAERI, THE UNDERTAKING AS DESCRIBED APPEARS TO BE LARGELY COMMERCIAL IN NATURE. IF, AS STATED IN REF PARA 2, EXTENDED VISITS OF SENIOR U.S. FUEL FABRICATION EXPERTS TO ROK ARE DESIRED, THE QUESTION OF PAYMENT FOR COSTS OF SUCH SERVICES MUST BE ADDRESSED. FURTHER, U.S. EXPERTS IN THIS FIELD WOULD

CERTAINLY BE AVAILABLE ON CONTRACT FROM U.S. OR THIRD COUNTRY INDUSTRY, AS WELL AS FROM USG AGENCIES OR NATIONAL LABORATORIES. U.S. EXPERT SELECTED MIGHT BETTER COME FROM THE COMMERCIAL SECTOR. DEPARTMENT WOULD APPRECIATE ANY

INFORMATION CONCERNING ROK EFFORTS IN THIS DIRECTION WITH U.S. INDUSTRY.

3. FOR PARIS. ON THE PRESUMPTION THAT THE FUEL FABRICATION ACTIVITIES ARE PRIMARILY COMMERCIAL IN NATURE, AND IN VIEW OF REF PARA 3 RELATING TO ON-GOING NEGOTIATIONS BY ROK FOR FRENCH TECHNICAL SERVICES, WOULD USG PROVISION OF EXPERTS TEND TO UNDERMINE COMMERCIAL ACTIVITIES ALREADY UNDERWAY BY THE FRENCH IN THIS PARTICULAR AREA OF FUEL FABRICATION KNOW-HOW? HOW MIGHT THE GOF REACT TO USG ASSISTANCE TO ROK IN THIS AREA?

4. REF PARA 5. WHILE ASSIGNMENT OF PROPOSED U.S. ADVISORS IS NOT INCONSISTENT WITH U.S. AGREEMENT TO FACILITATE ARRANGEMENTS IN THIS AREA, THE SPECIFIC PARAGRAPH APPLICABLE TO THIS POINT IN THE AGREED SUMMARY RECORD OF U.S.-KOREA DISCUSSIONS IN JUNE, 1976, ITEM 3(B), "NUCLEAR POWER TECHNOLOGY," FOLLOWS FOR CLARIFICATION:

QUOTE: CONCERNING THE LOCALIZATION OF MANUFACTURE OF REACTOR COMPONENTS, INCLUDING FUEL FABRICATION, THE U.S. SIDE CONFIRMED ITS READINESS TO ENDORSE AND ENCOURAGE COMMERCIAL ARRANGEMENTS AND REPORTED THAT STEPS CONFIDENTIAL

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TOWARD THIS END HAD ALREADY BEEN TAKEN WITH PRINCIPAL U.S. REACTOR MANUFACTURERS. UNQUOTE.

PLEASE NOTE THAT THE USG LAST JUNE WAS STILL ENCOURAGING DIRECT CONTACT WITH U.S. FUEL FABRICATORS, WHO INCLUDE ALL U.S. REACTOR MANUFACTURERS, FOR THE ACQUISITION OF COMMERCIAL FUEL FABRICATION KNOW-HOW BY ROK.

ON THE RELATED MATTER OF AN ASSIGNEE BY ROK TO THE U.S., THERE EXIST POTENTIAL COMMERCIAL ADVANTAGES TO ROK IN PROVIDING PERSONNEL ON EXCHANGE ASSIGNMENT TO A U.S. FIRM WHICH IN TURN IS SUPPLYING, UNDER A CONTRACTUAL ARRANGEMENT, U.S. FUEL FABRICATION EXPERTISE TO THE ROK. WHILE SUCH EXCHANGE PERSONNEL COULD BE PLACED AT A USG NATIONAL LABORATORY LOCATION AS WELL AS IN A U.S. FIRM ON A TEMPORARY BASIS, BOTH USG AND ROK SHOULD EXAMINE RELATIVE BENEFITS OF BOTH POSSIBILITIES BEFORE RECOMMENDING ONE OVER THE OTHER.

5. IN VIEW OF ABOVE QUESTIONS AND CONCERNS, WE WOULD PROPOSE THIS AS ONE TOPIC FOR DISCUSSION AT THE SPRING MEETING OF THE JOINT STANDING COMMITTEE ON NUCLEAR AND OTHER ENERGY TECHNOLOGY MATTERS.

6. EMBASSY MAY ADVISE KNFDC DIRECTOR CHU CHA-YANG OF U.S. INTEREST IN HIS SUGGESTION, NOTING THAT WE ARE CONSIDERING SUBJECT WITH A VIEW TOWARD JOINT DISCUSSION IN THE SPRING.
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